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MEMORANDUM FOR: Chief, COAPS

JAN 3 1950

FROM : Assistant Director, CRE

SUBJECT : CIA Situation Reports

REFERENCES : a. Memorandum from DCI to the Special Assistant to the Secretary of State for Research and Intelligence, Subject as Above, dated 13 December 1948.

b. Memorandum to the DCI from the Director of Intelligence, OSMA, Subject as Above, dated 18 November 1949.

c. Memorandum to the DCI from Assistant Executive, Directorate of Intelligence, Department of the Air Force, Subject as Above, dated 5 December 1949.

d. Memorandum to the DCI from the Director of Naval Intelligence, Subject: Navy Participation in Preparation of CIA Situation Reports, dated 5 December 1949.

1. I wish to substitute this present memorandum in place of my memorandum to you dated 6 December 1949, subject as above. The comments below are offered as a possible basis for drafting a reply to the IAC on this matter.

2. In reference b, c, and d, the intelligence agencies of the three services recommend that the Situation Report program be discontinued entirely. They indicate further that, if the Situation Report program is continued, any participation in it by them would seriously interfere with the higher priority National Intelligence Survey program.

3. The United States Government urgently needs comprehensive background analyses of the situation in all areas which are vital to the national security. The only such publication presently available in the "Defense Project" covering the USSR. National Intelligence Surveys on other critical areas are in production, but it is not believed that any of these will be completed in the immediate future. It seems essential, therefore, that work on Situation Reports covering such areas should be continued as a stop-gap program until reasonable assurance is had that the National Intelligence Survey program itself is ready to publish complete studies on them.

4. A comparison between the status reports of the Situation Report program dated 1 December 1948 and 1 December 1949 leads to the following observations:

a. Studies on seven countries which were scheduled in 1948 were disseminated before 1 December 1949: Brazil, Cuba, Sweden, Rumania, Arab States, Portugal, and Ireland.

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25X6 b. The study on [] and parts of the study on [] been disseminated since 1 December 1949.

c. The study on Mercury, which was scheduled in 1948, was disseminated during 1949. The study on Antimony, which also was scheduled in 1948, was cancelled during 1948. No further commodity studies are scheduled.

d. Five reports scheduled in 1948 have been cancelled during 1949: Liberia, Madagascar, Colombia, Switzerland, and the Netherlands.

e. Two countries listed on both schedules are, upon re-examination, not believed to be sufficiently critical to be retained on the schedule and are cancelled herewith: Argentina, and Peru.

f. Eight areas were added to the schedule during 1949: Costa Rica, Guatemala, Israel, Union of South Africa, Rhodesia and Nyasaland, Mozambique and Angola, Haiti, and Cyprus. Although Costa Rica and Guatemala are not critical areas, the study on Costa Rica is in the process of advanced coordination with the IAC agencies, and the study on Guatemala is nearly completed by CIA; both studies are therefore retained on the schedule. The study on Israel is not only on a critical area but is also nearly completed by CIA and should likewise be retained on the schedule. The five others are cancelled herewith as not being on critical areas.

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g. All of the other areas listed on the 1 December 1949 schedule of the Situation Report program are believed to be vitally important to United States security and strategic interests, and should therefore be retained on the schedule.

5. In summary, Situation Reports on the following critical areas are therefore proposed for retention on the schedule, in the order of their probable completion:

a. Situation Reports in an advanced stage of coordination with the IAC agencies: Costa Rica, France, []

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b. Situation Reports which are nearly completed by CIA: Guatemala, Israel, French North Africa, Thailand, Mexico, and Indochina.

c. Situation Reports on which production has been begun within CIA: Poland, Yugoslavia, Bulgaria, Czechoslovakia, Hungary, and Finland. CIA will schedule additional Situation Reports if other areas become critical, in the absence of National Intelligence Surveys on such areas.

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6. For the reasons given in paragraph 3 above, GRE proposes to continue the revised Situation Report program for the sixteen countries listed in paragraph 5 above. Since in references b, c, and d the intelligence organizations of the three service agencies have strongly urged that their formal participation in this program, which has already been reduced by reference a to that of commenting on those sections of drafts prepared by CIA which are of primary interest to them, be reduced still further or eliminated entirely, it is recommended that the following proposals be made:

a. The IAC agencies will complete their comments on the four scheduled Situation Reports which are in an advanced stage of coordination with them.

b. The IAC agencies will be released from the responsibility of reviewing the completed drafts of the other twelve scheduled Situation Reports for formal concurrence or comment, and CIA will carry an appropriate notice to this effect in each Situation Report so published.

7. Nothing in the foregoing is to be construed as modifying the continuing responsibility of the IAC agencies to make available to CIA all pertinent intelligence and intelligence information concerning the situation in critical areas, and to afford informal assistance to CIA as needed through operational liaison on the working level.

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THEODORE BABBITT

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